



STATE OF WASHINGTON  
PUBLIC DISCLOSURE COMMISSION

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BEFORE THE PUBLIC DISCLOSURE COMMISSION  
OF THE STATE OF WASHINGTON

In RE COMPLIANCE WITH  
RCW 42.17 and RCW 42.17A

National Rifle Association of  
America Washingtonians Opposed to  
I-594

Respondent.

PDC Case No. 735

Report of Investigation

**I.**

**Background & Allegations**

- 1.1 On June 26, 2014, National Rifle Association of America Washingtonians Opposed to I-594 filed a Committee Registration (C-1pc report) disclosing their opposition to Initiative 594, a statewide initiative concerning background checks for gun purchases. **Exhibit #1.** The C-1pc report disclosed that the committee mailing address and principal officers were located at 111250 Waples Mill Road, Fairfax Virginia, and included Chris Cox, Chairman, and MaryRose Adkins, Treasurer.
- 1.2 On October 17, 2014, Katherine Holmes filed a complaint with the Public Disclosure Commission (PDC) alleging that the National Rifle Association of America Washingtonians Opposed to I-594 (NRA-WA No on I-594 PAC) violated RCW 42.17A by failing to file campaign finance reports disclosing contribution and expenditure activities undertaken in opposition to Initiative 594 (I-594) during the 2014 election. **Exhibit #2.**
- 1.3 Specifically, the complaint alleged that NRA – WA No on I-594 PAC violated RCW 42.17A.235 and .240 by failing to timely file Monetary Contributions reports (C-3 reports) disclosing contributions received by the committee, and Summary Campaign Contribution and Expenditure reports (C-4 reports) disclosing expenditure activities undertaken in opposition to I-594.

**II.**

**Findings**

- 2.1 Political committees under the Full Reporting option and opposing a November 5, 2014 general election ballot measure were required to file the following campaign finance reports:

- Weekly C-3 reports beginning June 1, 2014, disclosing monetary contributions that have been received during the previous five business days. Monetary contributions are required to be deposited within five business days of receipt.
  - Monthly C-4 reports due to be filed by the 10<sup>th</sup> of the month disclosing contribution and expenditure activities incurred in the previous calendar month, if more than \$200;
  - A 21-day pre-general election C-4 report due on October 15, 2014, covering the period September 1 through October 14, 2014;
  - A 7-day pre-general election C-4 report due on October 29, 2014, covering the period October 15 through October 28, 2014; and
  - A post-general election C-4 report by December 10, 2014, covering the period October 29 through November 30, 2014.
- 2.2 During the 2014 election, NRA – WA No on I-594 PAC disclosed receiving \$489,331 in monetary contributions, and making expenditures totaling \$482,510 in opposition to I-594. NRA – WA No on I-594 PAC filed a total of 15 C-3 reports disclosing that \$489,331 in monetary contributions that had been received during the period July 11 through October 22, 2014.
- 2.3 Of the total contributions received by NRA – WA No on I-594 PAC, \$485,383 in monetary contributions were received from the National Rifle Association in Fairfax Virginia. The National Rifle Association contributions were disclosed on eight C-3 reports filed by NRA – WA No on I-594 PAC and represented 99.1% of all contributions received by the committee.
- 2.4 NRA – WA No on I-594 PAC failed to timely file seven C-3 disclosing \$431,348 in monetary contributions that had been received from the National Rifle Association. **Exhibit #3.** The contributions received by NRA – WA No on I-594 PAC from the National Rifle Association were disclosed on C-3 report between one and 35 days late, as detailed in the chart below.

Date Cont. Rec'd	Date Deposited	Date C-3 Due	Date C-3 Filed	Amount	Days Late
7/11/2014	7/11/2014	7/14/2014	8/18/2014	\$ 25,000	35
8/7/2014	8/7/2014	8/11/2014	9/9/2014	\$ 35,000	29
8/18/2014	8/18/2014	8/25/2014	9/10/2014	\$ 100,024	16
8/27/2014	8/27/2014	9/2/2014	9/10/2014	\$ 31,531	8
9/4/2014	9/4/2014	9/8/2014	10/14/2014	\$ 39,793	36
9/16/2014	9/16/2014	9/22/2014	10/14/2014	\$ 150,000	22
10/8/2014	10/8/2014	10/13/2014	10/14/2014	\$ 50,000	1
<b>Totals</b>				<b>\$ 431,348</b>	<b>1-35</b>

- 2.5 During 2014, the NRA – WA No on I-594 PAC substantially complied with the C-4 report filing requirements.

- 2.6 The initial C-4 report was filed five days late by NRA – WA No on I-594 PAC on July 15, 2014, but inadvertently covered the period June 1 through July 14 (as opposed to June 1 through 30, 2014) and was filed as a 21-day pre-primary C-4 report in the Online Reporting Campaign Assistance (ORCA) electronic filing software.
- 2.7 On October 22, 2014, the NRA – WA No on I-594 PAC filed an amended Post-primary election C-4 report disclosing an additional \$14,868 in unreported expenditures, and providing a sub-vendor breakdown of two previously reported committee expenditures made to Starboard Strategic, Inc. for advertising (\$100,024) and billboards (\$31,531). The Post-Primary C-4 report (which technically should have been the August 2014 C-4 report) was due to be filed by September 10, 2014, covering the period July 29 through August 31, 2014.
- 2.8 The information listed on the amended Post-Primary C-4 report filed by NRA – WA No on I-594 PAC was disclosed 42 days late. The amended information included a \$14,868 expenditure had been made to Master Print on August 7, 2014 for printing No on I-594 initiative inserts. The information also included a more detailed breakdown of the two expenditures made to Starboard Strategic, Inc. for advertising and billboards as follows:
- \$81,728 to Starboard Strategic, Inc. for an internet media buy;
  - \$22,950 to Starboard Strategic, Inc. for billboard advertisements with Dish Network and Direct TV;
  - \$16,852.50 for two expenditures for professional fees to AMAG (\$14,422.50) and Starboard Strategic, Inc.;
  - \$5,341 through Starboard Strategic, Inc. to AMAG for production and installation costs for the ads and taxes; and
  - \$4,660 through Starboard Strategic, Inc. to AMAG for Serving Fees (\$3,850) and Commission (\$810).
- 2.9 The National Rifle Association of America (NRA America) is a Lobbyist Employer in Washington State which required them to file Monthly Lobbyist Employer Contribution reports (L-3c report) if they made contributions to support or oppose a statewide ballot proposition that were not disclosed by a registered lobbyist on the Monthly Lobbyist Expense reports (L-2 report). The L-3c reports are required to be filed by a Lobbyist Employer no later than the 15<sup>th</sup> of the month, disclosing contributions made during the previous calendar month.
- 2.10 On October 14, 2014, NRA America filed three L-3c reports for July, August, and September disclosing the NRA contributions listed above in the table to the initiative PAC. **Exhibit #4.** The September 2014 L-3c report was timely filed by NRA America disclosing two monetary contribution totaling \$189,793 were made to NRA – WA No on I-594 PAC on September 4, 2014 (\$39,793); and September 15, 2014 (\$150,000).
- 2.11 The July and August L-3c reports were filed late by NRA America and disclosed the following:

- July 2014 Contributions: The July 2014 L-3c report was filed by NRA America on October 14, 2014, and disclosed a \$25,000 contribution was made to NRA – WA No on I-594 PAC on July 11, 2014. The L-3c report was required to have been filed by NRA America no later than August 15, 2014, and was filed 60 days late.
  - August 2014 Contributions: The August 2014 L-3c report filed by NRA America on October 14, 2014, and disclosed three monetary contribution totaling \$166,555 were made to NRA – WA No on I-594 PAC on August 7, 2014 (\$35,000); August 18, 2014 (\$100,024); and August 27, 2014 (\$31,531). The L-3c report was required to have been filed by NRA America no later than September 15, 2014, and was filed 30 days late.
- 2.12 On November 4, 2014, Sean Cairncross and Chris Winkelman, two attorneys with Holtzman, Vogel, Josefiak, PLLC, submitted a written response on behalf of the NRA – WA No on I-594 PAC. **Exhibit #5.**
- 2.13 On November 4, 2015, after the complaint was formally logged in by PDC staff, Mr. Cairncross and Mr. Winkelman submitted a supplemental response on behalf of the NRA – WA No on I-594 PAC. **Exhibit #6.** The letters from NRA – WA No on I-594 PAC stated that from the time the committee registered with the PDC in June of 2014 until October 10, 2014, “...the Committee inadvertently failed to note the weekly reporting requirement for C-3 reports...” The letters went on to state the following:
- NRA – WA No on I-594 PAC acknowledged the contribution information contained on the committee’s C-3 reports were “... disclosed days to weeks later...” than the required report dates.
  - Prior to becoming aware of the weekly C-3 reporting requirement, NRA – WA No on I-594 PAC “...had been filing C-3 report contemporaneously...” when the committee electronically filed the required C-4 reports using the ORCA campaign software.
  - NRA – WA No on I-594 PAC “...detected this discrepancy during an internal review of its operations in connection with the PDC Complaint...” and has timely and accurately filed the contributions received since becoming aware of the weekly filing requirements.
  - NRA – WA No on I-594 PAC “...believes it has undertaken all remedial action that it is possible to undertake with regards to this matter...” and that the corrective action undertaken to “previous procedural flaws” when combined with the “best practices implemented” will ensure timely and accurate reporting.
  - All of the contributions received by NRA – WA No on I-594 PAC were disclosed well in advance of the November 5, 2014 general election.

### **III.** **Scope**

#### 3.1 PDC staff reviewed the following:

- The complaint filed by Katherine Holmes with the Public Disclosure Commission against the National Rifle Association of America Washingtonians Opposed to I-594.
- Campaign finance reports filed by the National Rifle Association of America Washingtonians Opposed to I-594 for the 2014 general election, including C-1pc, C-3 and C-4 reports.
- Results of PDC database queries for the National Rifle Association of America Washingtonians Opposed to I-594.
- Correspondence and email exchanges between the National Rifle Association of America Washingtonians Opposed and PDC staff.

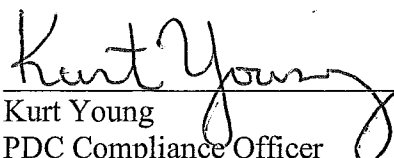
### **IV.** **Law**

- 4.1 **RCW 42.17A.235 and 240** require political candidates to file timely, accurate reports of contributions and expenditures, including in-kind contributions. Under the full reporting option, until five months before the general election, C-4 reports are required monthly when contributions or expenditures exceed \$200 since the last report. C-4 reports are also required 21 and 7 days before each election, and in the month following the election, regardless of the level of activity.

Monetary contributions are reported weekly beginning June 1<sup>st</sup> for all political committees participating in the primary or general election during this same time period, and must be disclosed on C-3 report every Monday for contributions deposited the previous seven days.

- 4.2 **RCW 42.17A.630(2)** states in part that an employer of a lobbyist shall file a special report with the commission if the employer makes a contribution or contributions aggregating more than one hundred dollars in a calendar month disclosing the date and amount of each such contribution and the name of the recipient committee receiving the contribution the contribution. The report shall be filed within fifteen days after the last day of the calendar month during which the contribution was made.

Respectfully submitted this 19th day of January, 2016.

  
Kurt Young  
PDC Compliance Officer

**List of Exhibits**

- Exhibit #1** June 26, 2014, Committee Registration (C-1pc report) filed by the National Rifle Association of America Washingtonians Opposed to I-594.
- Exhibit #2** October 17, 2014, complaint filed by Katherine Holmes against the National Rifle Association of America Washingtonians Opposed to I-594.
- Exhibit #3** Six late filed C-3 reports submitted by NRA – WA No on I-594 PAC disclosing the receipt of \$431,348 from the National Rifle Association.
- Exhibit #4** July and August 2014 Lobbyist Employer Monthly Contribution Reports (L-3c reports) filed by National Rifle Association of America.
- Exhibit #5** November 4, 2014, response submitted from Sean Cairncross and Chris Winkelman, two attorneys with Holtzman, Vogel, Josefiak, PLLC, on behalf of the NRA – WA No on I-594 PAC.
- Exhibit #6** November 4, 2015, supplemental response submitted from Mr. Cairncross and Mr. Winkelman on behalf of the NRA – WA No on I-594 PAC.